



# House of Representatives

General Assembly

**File No. 375**

*January Session, 2007*

Substitute House Bill No. 7229

*House of Representatives, April 5, 2007*

The Committee on Environment reported through REP. ROY, R. of the 119th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT IMPOSING A MINING EXTRACTION TAX.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1       Section 1. (NEW) (*Effective January 1, 2008*) (a) Every person or entity  
2       mining sand, gravel or flat rock shall pay a tax to the municipality in  
3       which such sand, gravel or flat rock was mined at the time such sand,  
4       gravel or flat rock is sold. The tax shall be imposed at the rate of one  
5       dollar per ton on the first sale of such sand, gravel or flat rock by such  
6       person or entity and such person or entity shall pay the tax due to the  
7       tax collector of the municipality in which such mine is located,  
8       provided the amount collected shall become part of the general  
9       revenue of the municipality.
- 10       (b) Said tax shall not be imposed on any sand, gravel or flat rock  
11       which is not subject to taxation by this state pursuant to any laws of  
12       the United States or on any such sand, gravel or flat rock moved solely  
13       by rail.
- 14       (c) Said tax collector shall remit fifty per cent of all tax revenues

- 15 collected by said tax collector pursuant to this section to the  
16 Commissioner of Revenue Services.

This act shall take effect as follows and shall amend the following sections:
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Section 1	<i>January 1, 2008</i>	New section
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**ENV**      *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

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**OFA Fiscal Note****State Impact:**

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Department of Revenue Services	GF - Revenue Gain	4.6 million	9.2 million

Note: GF=General Fund

**Municipal Impact:**

Municipalities	Effect	FY 08 \$	FY 09 \$
All Municipalities	Revenue Gain	4.6 million	9.2 million

**Explanation****State & Municipal Impact**

The bill imposes a tax on people or entities who mine sand, gravel, or flat rock of \$1 per ton, effective 1/1/08. The revenue collected from the tax will be shared equally between the state and the town where the material is mined.

The tax is expected to generate approximately \$9.2 million in FY 08 and \$18.4 million in FY 09<sup>1</sup>.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

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<sup>1</sup> According to the most recent U.S. Geological Survey (USGA), Connecticut produced about 18.4 million metric tons of raw minerals in 2004, 18.6 million in 2003, and 18.4 million in 2002. Crushed stone and construction sand and gravel are the state's leading commodities by value, accounting for nearly all of the state's mineral production.

**OLR Bill Analysis****sHB 7229*****AN ACT IMPOSING A MINING EXTRACTION TAX.*****SUMMARY:**

This bill levies a tax on people or entities who mine sand, gravel, or flat rock of \$1 per ton on the first sale of the material. They must pay the tax to the tax collector of the town where the mining occurred, but apparently only if the money collected becomes part of the town's general fund. The tax collector must remit half the money he collects to the revenue services commissioner. The bill exempts from the tax sand, gravel, or flat rock that is (1) not taxable by the state according to federal law or (2) moved solely by rail.

EFFECTIVE DATE: January 1, 2008

**COMMITTEE ACTION**

Environment Committee

Joint Favorable Substitute

Yea 17 Nay 13 (03/19/2007)